

VZCZCXRO4826

PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #5465/01 3400121

ZNR UUUUU ZZH

P 060121Z DEC 07

FM AMEMBASSY TOKYO

TO RUEHC/SECSTATE WASHDC PRIORITY 0048

INFO RUEKJCS/SECDEF WASHDC PRIORITY

RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY

RUEAWJA/USDOJ WASHDC PRIORITY

RULSDMK/USDOT WASHDC PRIORITY

RUCPDOC/USDOC WASHDC PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RUEKJCS/JOINT STAFF WASHDC//J5//

RHHMUNA/HQ USPACOM HONOLULU HI

RHHMHBA/COMPACFLT PEARL HARBOR HI

RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//

RHMFIUU/USFJ //J5/J021//

RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA

RUAYJAA/CTF 72

RUEHNH/AMCONSUL NAHA 7166

RUEHFK/AMCONSUL FUKUOKA 4765

RUEHOK/AMCONSUL OSAKA KOBE 8432

RUEHNAG/AMCONSUL NAGOYA 3531

RUEHKSO/AMCONSUL SAPPORO 5425

RUEHBJ/AMEMBASSY BEIJING 0458

RUEHUL/AMEMBASSY SEOUL 6512

RUCNDT/USMISSION USUN NEW YORK 7263

UNCLAS SECTION 01 OF 14 TOKYO 005465

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 12/06/07

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Defense issues:

- 4) Government caves in on cuts in host-nation support and will extend special agreement three years unchanged (Yomiuri)
- 5) Government planning how to use Futenma Air Station and other facilities vacated by US force realignment in Okinawa (Yomiuri)
- 6) Government plans to unfreeze funds for North Okinawa development package (Asahi)
- 7) Division chief replaced as part of Defense Ministry move to sweep away unwanted legacy from Moriya era as vice minister (Sankei)

North Korea problem:

- 8) Lower House special committee passes resolution against removing North Korea from US terror list but opposed by JCP as hindering U.S. negotiations (Yomiuri)
- 9) Lower House committee resolution opposed to U.S. removing DPRK from terror-sponsoring list could have negative impact on U.S.-Japan alliance (Nikkei)
- 10) Assistant Secretary Hill in Beijing indicates still no agreement with North Korea on the nuclear program list it promised (Yomiuri)
- 11) Prime Minister Fukuda establishes new foreign-policy study group to prepare him for the G8 Summit (Asahi)

Political agenda:

- 12) Prime Minister Fukuda determined to use override vote in Lower House to pass the refueling mission bill once the Upper House rejects it (Yomiuri)
- 13) Democratic Party of Japan President Ozawa aims to have his party win 180 or more seats in expected Lower House election (Sankei)
- 14) New conservative group in the Diet led by Shoichi Nakagawa linked to new party concept and having a casting vote in the Lower House (Tokyo Shimbun)
- 15) Former Prime Minister Abe, after long absence from public, to visit his home district Dec. 7-10 (Sankei)
- 16) Two LDP factions, Koga's and Tanigaki's, to merge (Yomiuri)
- 17) SDP's Fukushima starts third term at party helm but questions emerging about her sole focus on protecting the Constitution (Yomiuri)
- 18) Oversight system introduced into the political funds control law is a major step forward (Yomiuri)
- 19) (Corrected copy) Hokkaido Toyako Summit: Niseko Higashiyama Prince Hotel a leading candidate to accommodate U.S. delegation; Noboribetsu Grand Hotel also a candidate (Hokkaido Shimbun)

Articles:

1) TOP HEADLINES

Asahi:

OPEC to shelve pumping more crude oil

Mainichi:

If compensation money called for by patients infected with hepatitis C via tainted blood products is reduced to a two-thirds, all patients could receive compensation money from the state, according

TOKYO 00005465 002 OF 014

to a legal team for patients

Yomiuri:

LDP, DPJ, New Komeito agree to introduce e-voting in national elections

Nikkei:

Government to shorten legal durable years of vehicle manufacturing equipment to 9 years as part of the tax system reform, with aim of enhancing international competitiveness

Sankei:

Land Ministry found to have failed to investigate 1,750,000 buildings against asbestos; Ministry of Internal Affairs to advise Land Ministry to take action

Tokyo Shimbun:

Ministry of Internal Affairs' sample survey finds no measures against asbestos taken in 16 PERCENT of small facilities, such as Japanese inns

Akahata:

Finance Minister Nukaga, some Diet members found to have participated in "military expansion conference" in U.S. with one million yen given to each from the state as a subsidy

2) EDITORIALS

Asahi:

(1) Provisional road tax rate needs to be discussed from a comprehensive viewpoint

(2) Osaka gubernatorial election: We hope to see lively debates between candidates

Mainichi:

(1) Reform of Defense Ministry: A second "Moriya" must not be produced

(2) Russia should not move toward dictatorship and self-righteous nationalism

Yomiuri:

- (1) Mutual trust essential between medical doctors and patients
- (2) Flu season: Masks may prevent spread of flu

Nikkei:

- (1) Bureaucracy at Kasumigaseki should not prevent scrapping or privatization of independent administrative corporations
- (2) Gulf nations enjoying the boom groping for economic and political stability

Sankei:

- (1) OECD academic tests: Pressing issue is how to improve reading comprehension
- (2) Not too late to have a flu vaccination now

Tokyo Shimbun:

- (1) Revision to medical treatment fees: Review of distribution of medical treatment fees important
- (2) Iran's nuclear report should be used as a start for a peaceful solution

Akahata:

TOKYO 00005465 003 OF 014

(1) New antiterrorism legislation must be thoroughly discussed and killed

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, December 5

NIKKEI (Page 2) (Full)
December 6, 2007

10:01

Met at Kantei with leader Sumie Ikeda of the war-displaced Japanese in China group seeking state compensation, and others, in the presence of ruling block war-displaced Japanese project team leader Takeshi Noda, MHLW Minister Masuzoe and others.

10:28

Met Lower House member Gen Nakatani. Afterward received a telephone call from World Bank President Zoellick in the presence of MOF International Bureau Director General Tamaki and others.

11)01

Met New Komeito deputy representative Higashi.

12:29

Met Council on Economic and Fiscal Policy private-sector members, such as Japan Business Federation Chairman Mitarai, joined in by State Minister of Economic, Fiscal Policy Ota.

14:05

Met Deputy Chief Cabinet Secretary Futahashi, followed by former National Public Safety Commission member Omori.

15:30

Met Chairman Sata and Secretary General Miyazawa of the LDP Research Commission on Housing and Land Policy, followed by designer Kansai Yamamoto.

16:01

Met Finance Minister Nukaga, Vice Finance Minister Tsuda, and Budget Bureau Director General Sugimoto, followed by Chief Cabinet Secretary Machimura.

SIPDIS

17:07

Met with President Rahmon of Tajikistan, followed by Lower House member Taku Eto.

17:56

Met former LDP Secretary General Nakagawa.

19:45

Returned to his private residence in Nozawa.

4) Government withdraws cuts in host-nation support - sympathy budget - for U.S. forces in Japan, with final coordination with U.S. on special measures agreement running for three years

YOMIURI (Page 2) (Excerpts)
December 6, 2007

The Japanese and U.S. governments yesterday entered into the final coordination to extend for three years and keeping at about same

TOKYO 00005465 004 OF 014

burden level the special measures agreement related to host-nation support (the so-called sympathy budget) for U.S. forces stationed in Japan. The current agreement runs out at the end of March next year. An agreement is expected to be reached possible as early as this week.

The Japanese side at first called for great reductions in the burden sharing because of the government's fiscal straits, but the U.S. government cited its wartime expenses of Iraq and Afghanistan, and would not budge, so the Japanese government decided to shelve the burden reductions.

5) Gov't to promote reuse plans for vacated U.S. bases

YOMIURI (Page 2) (Full)
Eve., December 5, 2007

The government will work out a package of backup measures to reuse the sites of U.S. military facilities in the central and southern parts of Okinawa Prefecture after they are returned along with the realignment of U.S. forces in Japan. These sites are closely situated, so the government plans to set up an organization that will coordinate with base-hosting municipalities for their harmonized reutilization of vacated lands. This is intended to prevent these local areas from being crowded with a number of commercial facilities.

In May 2006, the Japanese and U.S. governments released a final report on the U.S. military's realignment. The report incorporates an agreement to return the sites of U.S. military facilities covering a total area of about 1,000 hectares, including the Makiminato Service Area and the Naha Port Facility. However, these sites are to be returned with the relocation of the U.S. Marine Corps' Futenma Air Station, which is now facing rough going. The government's land reutilization package is aimed to push ahead with Futenma relocation.

The government will set up a review committee in June next year for specific plans to back up Okinawa's local land reutilization. The committee will be made up of officials from the Cabinet Office and other government offices, officials from Okinawa Prefecture, and experts. The government will set up an organization that will push for the reutilization of lands to be returned. In addition, the government will also study effective ways to buy vacated lands. In the case of Futenma airfield, 92 PERCENT of its land is privately owned by about 2,700 persons, according to the Okinawa prefectoral government. In the case of the Makiminato Service Area as well, 90 PERCENT of its land is privately owned, and there are about 2,100 landowners.

6) Futenma relocation plan: Government to unfreeze northern part economic package following resumed talks with Okinawa

ASAHI (Page 4) (Abridged slightly)
December 6, 2007

The government decided yesterday to implement the Okinawa northern part economic package (about 10 billion yen for fiscal 2007), which has been frozen due to the discontinuation of talks between the central government and Okinawa on the planned relocation of the U.S. Marines' Futenma Air Station. The reason is because the talks were held for the first time in 10 months in November, bringing out

prospects for continued talks.

Chief Cabinet Secretary Nobutaka Machimura noted in a press conference yesterday: "The government will not (put a hold on implementing) the fiscal 2007 budget forever." The government will make a final decision based on the next round of talks, slated for Dec. 12.

The northern part economic package is a plan to inject a total of 100 billion yen into 12 affected municipalities, including the prefecture and the city of Nago, for 10 years from fiscal 2000 in return effectively for accepting the Futenma relocation plan. The government at one time decided to shelve the package in the wake of a decision in May 2006 by Tokyo and Washington on the realignment of U.S. forces in Japan. But due to Okinawa's fierce reaction, the government decided that December to revive the package on the condition that smooth relocation talks were held.

But the relocation talks stalled in January this year due to Okinawa's strong reaction to the position of the planned runways and other factors. Okinawa's lack of willingness to make compromises prompted the government to freeze the implementation of the budget.

The Fukuda administration, however, has shifted policy to dialogue with Okinawa. The relocation talks resumed and the next session has also been set for later this month. Some in the Ministry of Defense are cautious about unfreezing the package, as there has been a bid-rigging scandal over a public works project in the northern part. Nevertheless, the dominant view in the government is that making a breakthrough in the deadlocked relocation plan is top priority. The government plans to lift the freeze on the package under the leadership of the Prime Minister's Official Residence (Kantei).

7) New defense policy division director picked

SANKEI (Page 5) (Full)
December 6, 2007

The Ministry of Defense decided yesterday to appoint Public Information Division Director Tatsuo Yamamoto as successor to former Defense Policy Division Director Nobuki Kawamura, who has been removed from the post for allegedly receiving 45 million yen in investment fund from former Administrative Vice-Defense Minister Takemasa Moriya who is under arrest for receiving bribes. Yamamoto's post will be filled by Policy Coordination Officer Yoshitoshi Nakamura. The appointments will be announced under the date of Dec. 17.

8) Lower House special committee passes resolution against U.S. removing North Korea from list of terrorism sponsoring states

YOMIURI (Page 2) (Full)
Eve., December 5, 2007

The House of Representatives Special Committee on the Abduction Issue yesterday afternoon passed a resolution by a majority, with the exception being the Japanese Communist Party, opposing the move by the United States to remove North Korea from its list of states sponsoring terrorism.

The resolution, pointing to the move to de-list North Korea even

TOKYO 00005465 006 OF 014

though no progress has been made on the abduction issue, stated: "We are concerned that such will disappoint many Japanese people and have a serious impact on the Japan-U.S. alliance." It urged the Japanese government to make maximum diplomatic efforts so that the name is not removed, and to ask the U.S. government to firmly uphold its policy stance of not de-listing the DPRK.

9) Lower House committee in unprecedeted move adopts resolution opposing US delisting North Korea from its list of state sponsors of

terrorism, noting, "Delisting could have a serious impact on the Japan-US alliance"

Nikkei (Page 2) (Full)
December 6, 2007

The Lower House Abduction Issue Special Committee yesterday adopted a resolution opposing the US government removing North Korea from its list of state sponsors of terrorism with approval given by the Liberal Democratic Party (LDP), the Democratic Party of Japan (DPJ or Minshuto) and the New Komeito. The resolution mentioned that delisting North Korea from the US list of state sponsors of terrorism, when victims of the abductions by North Korea have not returned home, would disappoint many Japanese people, seriously affecting the bilateral alliance. It is unprecedented for any Diet committee to adopt a resolution on a specific foreign relations policy of the US.

At work behind the move is a sense of crisis that the US government could notify the Congress of its decision, a procedure needed to remove that nation from the list, as early as within the year. However, giving consideration to the US, the resolution will not be sent to a plenary session, with one noting, "The will of the people has been indicated with the adoption of the resolution by the committee." Chair Kazuo Shii of the Japanese Communist Party, which opposed the adoption of the resolution, released a comment noting that no country should bind other country's means of negotiations.

10) U.S., DPRK fail to agree on "list of nuclear programs to be declared"; U.S. Assistant Secretary Hill arrives in Beijing and hints at failure in talks with DPRK

YOMIURI (Page 7) (Slightly abridged)
December 6, 2007

Takeo Miyazaki, Beijing

The U.S. chief negotiator in the six-party talks to discuss the North Korean nuclear issue, Christopher Hill, U.S. assistant secretary of state, arrived in Beijing yesterday after finishing his

SIPDIS

visit to North Korea. The focus of his North Korea visit this time was on whether he was able to pave the way for North Korea to prepare a draft of a list of all nuclear programs to be declared as agreed on, but late yesterday, speaking of the contents of the declaration to reporters in Beijing, Hill said: "There are some differences between the United States and North Korea regarding what should be included in the declaration." This remark implied that the talks between the U.S. and North Korea ended in failure. It has become difficult accordingly for the six-party talks to resume a meeting at an early date.

Referring to the rescheduled session of the chief delegates to the six-party talks, Hill indicated that "The session may be delayed to

TOKYO 00005465 007 OF 014

early January as the time is limited."

The joint document adopted in October by the members of the six-party talks stipulates that as the "second-phase actions" toward the denuclearization (of the Korean Peninsula), a "declaration of all nuclear programs" and the "disablement of three nuclear facilities in Yongbyon" should be implemented by the end of the year. In order to achieve those goals, final coordination had proceeded among the countries concerned.

Hill did not make clear in specific terms what were the differences of views about the declaration of nuclear programs, but he revealed that he assumed a tougher stance than before toward the North, noting, "I insisted on including in the declaration all nuclear programs, facilities, and materials. Even the draft of the declaration should be complete and accurate." On the other hand, Hill appreciated the disablement process, noting, "It is going smoothly."

The North was initially expected to submit a draft declaration list within November, but the submission of the draft has been delayed. One reason for the delay would be that the U.S. imposed additional conditions to deal with the three suspicions: the uranium enrichment program, extraction of plutonium, and the transfer of nuclear technology to third countries.

According to an informed source, the U.S. government initially had had no intention of rigorously pursuing those three suspicions, but it reversed its previous stance out of consideration for Prime Minister Fukuda's opposition to America's delisting North Korea as a state sponsor of terrorism shown during his visit to the U.S. in November.

Because of those additional conditions for the North to meet in drafting a list of the declaration, the North would think that it has become difficult for the U.S. to remove the North from the list of state sponsoring terrorism and lift the Trading with the Enemy Act now imposed on the North by the end of the year. According to Hill, in the meeting between him and North Korea's chief negotiator in the six-party talks, Kim Gye Gwan, vice foreign minister of North Korea, Kim did not accept America's request on the scene, and said, "Haste makes waste" as if to gain time.

The differences over the declaration remain to be ironed out, and in addition, it has become almost impossible to hold a six-party meeting by the end of the year to discuss the contents of the declaration. Given all these, it is extremely difficult to have North Korea make a "declaration of all its nuclear programs" by the end of the year; accordingly, the nuclear disablement process may be delayed extensively.

11) Prime minister to set up study group on foreign policy in preparation for summits

ASAHI (Page 4) (Full)
December 6, 2007

Prime Minister Fukuda yesterday announced his plan to launch a study group on foreign policy to listen to views from knowledgeable persons about key diplomatic issues. Its first meeting will be held at a Tokyo hotel on Dec. 9. The panel will work out a strategy to enable Prime Minister Fukuda to take a positive approach at the

TOKYO 00005465 008 OF 014

Japan-China summit scheduled for later this year and the Lake Toya Summit next July. The prime minister picked many experts who place emphasis not on values, as advocated by former Prime Minister Abe in his "proactive foreign policy," but on pragmatism. The lineup of the new panel reflects the basic stance of Fukuda diplomacy.

In a press conference yesterday, Chief Cabinet Secretary Machimura, who will join the study group with the prime minister, emphasized the significance of the study group, saying: "The prime minister has a variety of knowledge as information of background. This will contribute to his developing thoughtful summit diplomacy."

National Defense Academy Principle Makoto Iokibe, an expert on security issues, will serve as chairman. The panel will be composed of 11 former diplomats, academics, and former economic government officials. The members include former Ambassador to China Sakutaro Tanino, National Graduate Institute for Policy Studies Vice President Takashi Shiraishi, and Japan Association of Corporate Executives Vice President Yorihiko Kojima. A government source said: "The persons picked by the prime ministers are not thinkers; he has placed emphasis on practical individuals, reflecting his personnel connections."

The new panel is modeled after the taskforce on external relations aimed at diplomacy led under the Prime Minister's Office, set up with former Special Advisor to the Prime Minister Yukio Okamoto as chairman when Fukuda was serving as chief cabinet secretary under the Koizumi administration. Five members of the taskforce, including Okamoto, have joined the new study group.

Prime Minister Fukuda set forth strengthening the Japan-US alliance

during his first visit to the US as prime minister in November and promoting Asia diplomacy when he visited Asia the same month. The new diplomatic panel is expected to discuss how to promote these two challenges simultaneously. The focus of discussion will also be on such international economic issues as an economic partnership agreement (EPA) with Asia.

The panel will hold meetings not at the Prime Minister's Official Residence (Kantei) but at such unofficial arenas as hotels in Tokyo as needed. It will not produce reports but intends to carry the gists of discussion on the Kantei's website.

Shiraishi commented: "Japan's foreign policy has been drawn up under the lead of the Foreign Ministry. The panel is expected to become something like a sounding board to inform the prime minister of broad views, including a long-term strategy."

Members of the study group

- ? Makoto Iokibe (chairman, National Defense Academy president)
- ? Yukio Okamoto (former special advisor to the prime minister)
- ? Masao Okonogi (Keio University professor)
- ? Shinichi Kitaoka (Tokyo University professor, former deputy ambassador to the UN)
- ? Yorihiko Kojima (Japan Association of Corporate Executives Vice President)
- ? Kyosuke Shinozawa (former Japan Bank for International Cooperation governor, former administrative vice minister)
- ? Takashi Shiraishi (National Graduate Institute for Policy Studies Vice President)
- ? Akihiko Tanaka (Tokyo University professor)

TOKYO 00005465 009 OF 014

- ? Sakutaro Tanino (former ambassador to China)
- ? Hiroshi Nakanishi (Kyoto University professor)
- ? Osamu Watanabe (former Japan External Trade Organization president, former administrative METI minister)

12) Fukuda decides to use two-thirds override vote on new antiterrorism law

YOMIURI (Page 1) (Abridged)
December 6, 2007

Prime Minister Fukuda made up his mind yesterday to revote on the new antiterror law in the House of Representatives in order to enact it with a concurring two-thirds vote, if the bill is voted down in the House of Councillors. The legislation is intended to resume the Maritime Self-Defense Force's refueling mission in the Indian Ocean. Fukuda will shortly coordinate with the ruling coalition of the Liberal Democratic Party and New Komeito. The current Diet session, which is to end on Dec. 15, will be reextended.

Fukuda has reiterated that Japan should resume the MSDF's refueling mission in the Indian Ocean at an early date since it is highly appreciated in the international community.

Debate on the new antiterrorism bill started full-scale in the House of Councillors Foreign Affairs and Defense Committee on Dec. 4. The Diet does not have enough time until the end of its current session, so the ruling coalition deems an extension unavoidable. "The prime minister is determined," an LDP executive said yesterday. This LDP executive nixed the option of scrapping the new antiterror bill. "We will reextend the Diet session to take a vote again on the legislation," he added.

Meanwhile, the leading opposition Democratic Party of Japan (Minshuto) is opposed to revoting on the legislation. The DPJ is ready to censure the prime minister in the House of Councillors. However, the ruling coalition takes the position that censure has no legal validity. "We don't have anything to fear," one lawmaker in the ruling coalition said.

13) Ozawa eyes over 180 single seats in next Lower House election

SANKEI (Page 5) (Full)

December 6, 2007

Major opposition Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa yesterday exchanged views in the city of Matsuyama with Rengo (Japanese Trade Union Confederation) Ehime executives. Touching on his party's target in the next House of Representatives election in which 300 single seats will be at stake, he said: "In order to have a working majority, we need to win over 180 seats, definitely close to 200 seats. Having a working majority is best, but we definitely need to win over a half of the 300 seats."

14) Former MITI Minister Hiranuma steadily laying groundwork for next Lower House election, aiming at holding casting vote in political situation after election

TOKYO SHIMBUN (Page 2) (Full)
December 6, 2007

TOKYO 00005465 010 OF 014

Takeo Hiranuma, an independent House of Representatives member and former MITI minister, has been actively taking preparatory steps for the next Lower House election. He is trying to increase influence in the ruling Liberal Democratic Party (LDP), by assuming the supreme advisory post of a study group of conservative LDP members. He is supporting conservative independent lawmakers as candidates who will face off against LDP candidates in the next election. He has been steadily laying groundwork to secure the political initiative after the Lower House election.

"I will support him with all my might," Hiranuma said yesterday at a party held in Tokyo by Kazutaka Akamatsu, a former secretary to former Agriculture Minister Toshikatsu Matsuoka, who plans to run in the race as an independent from the Okayama No. 2 district.

The LDP's Okayama No.2 district chapter is headed by Seiji Hagiwara, who won a proportional representation seat after being defeated in the No. 2 district race in the 2005 Lower House election. Hagiwara ran the 2005 race as "an assassin" against postal rebel Akihiko Kumashiro, who was forced to give up on running that election.

Hiranuma, who represents the Okayama No. 3 district and who has influence in the No. 2 district, is now determined to back Akamatsu as an "assassin" to take out Hagiwara. Hiranuma's moves will likely increasingly make the LDP annoyed.

Hiranuma, however, has not neglected to cooperate with the LDP, as well. He became a supreme advisor to a study group of conservative LDP lawmakers, which Shoichi Nakagawa, a former MITI minister, formed on Nov. 4.

According to political fund-management organizations' fund reports (for fiscal 2006), Hiranuma backed postal rebels who were defeated in the 2005 Lower House election. He also supported by purchasing party tickets those postal rebels who had returned to the LDP after winning Lower House seats. The reason for Hiranuma's seeking opportunities to cooperate with independents and LDP lawmakers is that the LDP is expected to face an uphill battle in the next Lower House race.

Should neither the ruling coalition nor the main opposition Democratic Party of Japan (DPJ or Minshuto) win the majority (241) of the Lower House seats, there would be a possibility that Hiranuma and other independent lawmakers would hold a casting vote. Hiranuma might secure the initiative by obtaining cooperation from many people.

Even if the ruling camp wins big, the present political distortion, in which the opposition camp controls the Upper House and the ruling bloc holds a majority in the Lower House, will not change. Therefore, there remains a possibility of attempting to bring about political realignment centered on "sound conservatives." Hiranuma has repeatedly indicated since October his determination to play a role in political realignment.

A junior LDP lawmaker, however, said: "He lost influence in our party when he left it." Right now, Hiranuma appears to be preparing for the election, looking at all possibilities.

15) Former Prime Minister Abe to visit his home turf tomorrow

SANKEI (Page 5) (Full)

TOKYO 00005465 011 OF 014

December 6, 2007

Former Prime Minister Shinzo Abe will visit his home turf of Yamaguchi Prefecture on Dec. 7-10 for the first time in 15 months since becoming prime minister in September 2006. After holding a press conference on Dec. 7 in the city of Yamaguchi, Abe plans to visit his home constituency of Shimonoseki and other places to explain past developments that led to his resignation as prime minister due to poor health and seek support for resumption of his activities.

16) Koga, Tanigaki factions to merge by next spring: New faction to give party in April

YOMIURI (Page 4) (Full)

December 6, 2007

Senior members of the Koga and Tanigaki factions of the Liberal Democratic Party (LDP) yesterday evening met at a Japanese restaurant in Tokyo. Participants agreed that the two factions merge by next spring. They want to see the new party hold a fund-raising party in April. Leaders of the two factions are expected to formally decide on the merger plan early next year.

The talks yesterday was joined by Makoto Koga, LDP Election Committee chairman, Seiichi Ota, director general of the former Management and Coordination Agency, and Lower House member Koji Nita from the Koga faction and Jiro Kawasaki, former Health, Labor and Welfare minister and others from the Tanigaki faction. No objection was reportedly raised against the idea of the new faction holding a fund-raising party.

One senior Koga faction member yesterday evening noted, "Some senior members were against the proposal for merger, but now they are indicating a stance of approving it. The two factions will likely merge by February or March." A senior member of the Tanigaki faction also said, "We will merge early next year at the earliest."

The membership of the merged faction will be 61, nearly equal to that of the second largest Tsushima faction (67).

17) Fukushima in third term as SDP head eager to regain party strength, but concern voiced about her sole emphasis on protection of Constitution

ASAHI (Page 4) (Full)

December 6, 2007

Mizuho Fukushima will launch her third term as head of the Social Democratic Party of Japan (SDP) President on Dec. 22. The party holds seven seats in the House of Representatives and five in the House of Councillors. The party aims to restore its strength in the next general election. Although Fukushima has emphasized the importance of protecting the Constitution in her long advocacy, debate on a revision of the Constitution has kept a low-profile after the Abe administration toppled. Some party members are aiming to change the SDP into a party that can respond to calls from households and local communities.

In a press conference yesterday, Fukushima said: "If the SDP is able to increase its seats, the Democratic Party of Japan will likely give consideration to its views. A victory of our party will lead to

TOKYO 00005465 012 OF 014

protecting the Constitution." The national referendum law will go

into effect three years later. On this issue, Fukushima said: "The Liberal Democratic Party might take action during the last one year," emphasizing the significance of making the debate over protecting the Constitution the central issue in the next general election campaign.

Former Policy Council Chairman Kiyomi Tsujimoto also said: "There is no need for the party to abandon the asset inherited from the former Japan Socialist Party called 'the party of protection of the Constitution'. The presence of such a party is becoming more important now."

But a senior SDP member said: "If we continue to focus only on protecting the Constitution, it may be difficult to expand the party's strength." Fukushima was elected as party head without a vote. Policy Council Chairperson Tomoko Abe, who did not recommend Fukushima, stated: "The SDP should become a party that ushers in new values, coming up environment-friendly agricultural policies or policymaking in cooperation with nonprofit organizations." Election Committee Chairman Sadao Fuchigami, a veteran lawmaker, also commented: "There is a showcase called 'the Social Democratic Party,' but there are no goods to sell. It is necessary for the party to come up with specific policy proposals on education and livelihood."

Fukushima, aware of the need for such policy proposals, said: "Although there are still core fans for the policy of protecting Constitution, we would like to also pour our energy into such areas as medical care, employment and regional discrepancies. The party intends to prepare measures to secure obstetricians and gynecologists." But the SDP has yet to prepare a trump card.

18) Surveillance system to undergo sea change: Amendment to Political Funds Control Law to be passed into law next week

YOMIURI (Page 4) (Excerpts)
December 6, 2007

The Liberal Democratic Party (LDP), the Democratic Party of Japan (DPJ or Minshuto), the New Komeito, the Social Democratic Party and the People's New Party at a meeting of their Diet Affairs Committee chairmen yesterday agreed to submit to the Diet a bill amending the Political Funds Control Law featuring disclosure of receipts for payments exceeding a single yen and to have the bill enacted next week. Following a flurry of scandals involving lawmakers' political organizations, both the ruling and opposition camps had decided to secure transparency in politics and the flows of money with a new system.

The revised bill will likely be introduced at the Lower House Special Committee on Political Ethics Establishment and Amendment to the Public Offices Election Law in the form of a proposal by the chairman, adopted in both chambers of the Diet and passed into law. The new system will be implemented on Jan. 1, 2008. It will be first applied to political funds report for 2008 to be submitted by the end of March, 2009.

The Japanese Communist Party during the Diet Affairs Committee chairmen's meeting opposed the proposal for establishing a political funds rationalization committee, a third-party organ to be set up to audit political funds reports, citing a concern that such a

TOKYO 00005465 013 OF 014

committee could interfere with political activities.

The envisaged system will be applied to among about 70,000 political organizations throughout the nation approximately 5,000 organizations related to lawmakers and potential candidates for national elections.

19) Hokkaido Toyako Summit: Niseko Higashiyama Prince Hotel a leading candidate to accommodate U.S. delegation; Noboribetsu Grand Hotel also a candidate

HOKKAIDO SHIMBUN (Page 1) (Full)
December 5, 2007

The Niseko Higashiyama Prince Hotel (200 rooms in main building, 500 rooms in new annex) in the town of Niseko in Shiribeshi has surfaced as a likely candidate to accommodate the United States delegation comprising some 800 personnel, the largest scale among the participating countries, during the G8 Hokkaido Toyako Summit on (July 7-9) next year, sources concerned said by yesterday. The Ministry of Foreign Affairs (MOFA) has also indicated that the hotel is one of the candidates. The United States, however, is also checking the Noboribetsu Grand Hotel (261 rooms) in the Noboribetsu hot-spring resort area as a candidate. MOFA plans to make final coordination with the U.S. government and the hotel.

According to accounts by the sources concerned, after a decision was made in April on the Toyako Summit, the Japanese government sounded out the U.S. side on using a major hot-spring hotel in the town of Toyako in Iburi, home to The Windsor Hotel Toya, the main summit venue.

In response, the U.S. side expressed concern that in the case of the Toyako hot-spring area hotel, they might have to use it jointly with other participating countries. The U.S. independently examined hotels, and as a result, the two hotels have suddenly surfaced.

The Higashiyama Prince Hotel has 700 rooms. If nearby hotels are included, it may be able to meet the U.S. "one-person-one-room" principle putting high priority on privacy. The probability of turning parking lots and golf courses into heliports seems to have received high recognition as well.

The distance between the hotel and the main summit venue is approximately 46 kilometers via roads and National Highway 230. Visiting there frequently, U.S. government officials have been checking the hotel based on a plan to reserve all of its rooms.

The Seibu Group opened the Niseko Higashiyama Prince Hotel along with the sky resort in 1982. But the group decided to sell it due to its financial crisis. The hotel was purchased by Citigroup, a major U.S. banking institution, in March this year. It later concluded a management contract with the global hotel chain Hilton Hotels Corp.

The hotel is scheduled to operate under the new name of Hilton Niseko Village in July 2007. If the U.S. delegation is to stay there, the U.S. government would indirectly support the American hotel immediately after its opening.

The Noboribetsu Grand, on the other hand, is a hotel that can offer Western style services, which is rare in hot-spring resort areas, with nearly 90 Western style rooms, which is far less than that of

TOKYO 00005465 014 OF 014

the Higashiyama Prince Hotel, however. The hotel is scheduled to complete its grand renovation by the consecutive holidays in May 2007, its 70th anniversary. The hotel is about 69 kilometers away from the main summit venue via the Hokkaido Expressway.

The hotel is earnestly selling itself by playing up such historical events as that the late Emperor Showa (Hirohito) stayed there twice and that it was requisitioned by the Allied Forces General Headquarters (GHQ) after WWII. U.S. government officials also seem to be checking the communications environment, security, and other factors.

Reportedly, the two hotels are being challenged to improve their communications environments and their funding.

There is information that Britain has already secured a hotel on Lake Toya for the summit.

SCHIEFFER